Internal Revenue
bulletin

Bulletin No. 1999–3
January 19, 1999

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

T.D. 8789, page 5.

Final regulations under section 6404 of the Code relate to the abatement of interest attributable to unreasonable errors or delays by an officer or employee of the IRS in performing a ministerial or management act.

EMPLOYEE PLANS

Notice 99–5, page 10.

Eligible rollover distributions; transitional relief. This notice provides guidance and transitional relief for certain hardship distributions after 1998 that are no longer eligible for rollover because of changes made by the IRS Restructuring and Reform Act of 1998.

Announcement 99–5, page 16.

This announcement provides that alternative methods of reporting 1998 and 1999 IRA contribution recharacterizations and reconversions are acceptable in certain circumstances.

EMPLOYMENT TAX

Notice 99–6, page 12.

Employment tax issues for disregarded entities. This notice provides interim guidance for taxpayers calculating, reporting, and paying employment tax obligations with respect to employees of disregarded entities. This notice also solicits comments from taxpayers concerning issues related to these obligations.

ADMINISTRATIVE

Rev. Rul. 99–3, page 4.

Section 809. This ruling provides that a life insurance subsidiary of a mutual holding company is not a mutual life insurance company for which the deduction for policyholder dividends is reduced pursuant to sections 808(c)(2) and 809 of the Code.

Rev. Proc. 99–12, page 13.

This procedure makes obsolete Rev. Proc. 78–10, 1978–1 C.B. 564, which sets forth procedures whereby Federal, State, and local child support enforcement agencies may obtain under section 6103(1)(6) of the Code return information from the IRS for purposes of the administration of part D of title IV of the Social Security Act. The procedures in Rev. Proc. 78–10 are incompatible with our current business practice in the Child Support Enforcement Program and do not encompass the actual disclosures made or the present statutory framework. Rev. Proc. 78–10 obsolete.

Notice 99–4, page 9.

Penalties and interest study. This notice invites public comment in connection with a study being conducted by the Department of the Treasury and the IRS regarding the administration and implementation of the penalty and interest provisions of the Internal Revenue Code.

Announcement 99–3, page 15.

The IRS will allow employers to establish a system to electronically receive Form W-5, Earned Income Credit Advance Payment Certificate.

Announcement 99–4, page 15.

The IRS will soon begin to make certain documents called Chief Counsel Advice available for public inspection.

Finding Lists begin on page 18.

Department of the Treasury
Internal Revenue Service

Mission of the Service

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Statement of Principles of Internal Revenue Tax Administration

The function of the Internal Revenue Service is to administer the Internal Revenue Code. Tax policy for raising revenue is determined by Congress.

With this in mind, it is the duty of the Service to carry out that policy by correctly applying the laws enacted by Congress; to determine the reasonable meaning of various Code provisions in light of the Congressional purpose in enacting them; and to perform this work in a fair and impartial manner, with neither a government nor a taxpayer point of view.

At the heart of administration is interpretation of the Code. It is the responsibility of each person in the Service, charged with the duty of interpreting the law, to try to find the true meaning of the statutory provision and not to adopt a strained construction in the belief that he or she is "protecting the revenue." The revenue is properly protected only when we ascertain and apply the true meaning of the statute.

The Service also has the responsibility of applying and administering the law in a reasonable, practical manner. Issues should only be raised by examining officers when they have merit, never arbitrarily or for trading purposes. At the same time, the examining officer should never hesitate to raise a meritorious issue. It is also important that care be exercised not to raise an issue or to ask a court to adopt a position inconsistent with an established Service position.

Administration should be both reasonable and vigorous. It should be conducted with as little delay as possible and with great courtesy and considerateness. It should never try to overreach, and should be reasonable within the bounds of law and sound administration. It should, however, be vigorous in requiring compliance with law and it should be relentless in its attack on unreal tax devices and fraud.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents of a permanent nature are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

With the exception of the Notice of Proposed Rulemaking and the disbarment and suspension list included in this part, none of these announcements are consolidated in the Cumulative Bulletins.

The first Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a quarterly and semiannual basis, and are published in the first Bulletin of the succeeding quarterly and semiannual period, respectively.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 808.—Policyholder Dividends Deduction

The revenue ruling provides that a life insurance subsidiary of a mutual holding company is not a mutual life isnurance company for which the deduction for policyholder dividends is reduced pursuant to sections 808(c)(2) and 809 of the Code. See Rev. Rul. 99–3, on this page.

Section 809.–Reduction in Certain Deductions of Mutual Life Insurance Companies

Section 809. This ruling provides that a life insurance subsidiary of a mutual holding company is not a mutual life insurance company for which the deduction for policyholder dividends is reduced pursuant to sections 808(c)(2) and 809 of the Code.

Rev. Rul. 99–3

ISSUE

Whether a life insurance subsidiary of a mutual holding company is a mutual life insurance company for which the deduction for policyholder dividends is reduced pursuant to sections 808(c)(2) and 809 of the Internal Revenue Code?

FACTS

For valid business reasons, *MLIC*, a mutual life insurance company, restructures under the law of State X into three separate entities—a mutual holding company (*MHC*), a stock holding company (*SHC*), and a stock life insurance company (*SLIC*). *MHC* initially owns all of the stock of *SHC*, which owns all the stock of *SLIC*. *MLIC* and *SLIC* are life insurance companies as defined in section 816(a) of the Code. Neither *MHC* nor SHC is an insurance company for federal income tax purposes.

In connection with the restructuring, the policyholders' interests as members of *MLIC* are replaced by memberships in *MHC*. The policyholders' contractual rights as customers of *MLIC* remain with the reorganized life insurance company (*SLIC*).

SHC or *SLIC* may issue stock to unrelated persons. However, *MHC* must at all times own at least a majority of the voting shares of *SHC*, which must at all times own at least a majority of the voting shares of *SLIC*. Throughout *SLIC*'s first taxable year following the reorganization, *MHC* continues to own all the stock of *SHC*, which owns all the stock of *SLIC*.

The restructuring is entered into for valid business reasons, such as providing the resulting entities with flexibility to raise capital in subsequent years through the issuance of stock by *SHC* or *SLIC*.

ANALYSIS

Sections 801 through 818 of the Code (Subchapter L, Part I) provide rules that govern the taxation of life insurance companies. Section 801(a)(1) imposes a tax "on the life insurance company taxable income of every life insurance company." Section 801(b) defines "life insurance taxable income" as "life insurance gross income, reduced by life insurance deductions." "Life insurance gross income" is comprised of (1) premiums, (2) decreases in certain reserves, and (3) other amounts. Section 803(a). "Life insurance deductions" include "the general deductions provided in section 805." Section 804. Among the general deductions allowed by section 805 is "the deduction for policyholder dividends (determined under section 808(c))." Section 805(a)(3).

Section 808(c) provides as follows:

> (c) *Amount of deduction*.—
>
> (1) *In general*.—Except as limited by paragraph (2), the deduction for policyholder dividends for any taxable year shall be an amount equal to the policyholder dividends paid or accrued during the taxable year.
>
> (2) *Reduction in case of mutual companies*.—In the case of a mutual life insurance company, the deduction for policyholder dividends for any taxable year shall be reduced by the amount determined under section 809.

See also section 809(a)(1).

Section 809 identifies the nondeductible portion of policyholder dividends issued by mutual companies to their policyholders as the owners of the company. In *American Mutual Life Ins. Co. v. United States*, 43 F.3d 1172, 1173 (8th Cir. 1994), *cert. denied*, 516 U.S. 930 (1995), the court explained the provision as follows:

> Section 809 is an attempt to isolate the taxable component of dividends that mutual life insurance companies . . . make to their policyholders. Mutual life insurance companies make dividends to their policyholders that contain both taxable and untaxable components. The taxable component is the distribution of earnings to owners; the untaxable component consists of price rebates to customers. The dividend that mutual life insurance policyholders receive is not easily broken into its components because mutual life insurance companies do not have separate groups of stockholder owners and policy-holding customers. The customers own the company. By contrast, stock life insurance companies pay earnings to stockholders as nondeductible dividends, and refunds to their insurance policyholders as deductible price rebates.

Similar explanations of section 809 can be found in *Indianapolis Life Ins. Co. v. United States*, 115 F.3d 430, 431 (7th Cir. 1997); *CUNA Mutual Life Ins. Co. v. United States*, 39 Fed. Cl. 660, 661 (1997); and *Pan American Life Ins. Co. v. United States*, Civil No. 96–343 (E.D. La. 1997).

Except as otherwise provided in section 809(h) (relating to stock life insurance subsidiaries of mutual life insurance companies), section 809 by its terms applies only to mutual life insurance companies. Subsidiaries of mutual life insurance companies are generally treated as stock life insurance companies in computing the subsidiaries' entity level income tax liability. H.R. Rep. No. 432 (Pt.2), 98th Cong., 2d Sess., 1425–26 (1984); S. Prt. No. 169 (Vol. 1), 98th Cong., 2d Sess., 553 (1984) .

Neither the Code nor the Income Tax Regulations define the term "mutual life insurance company." In *Pan American Life Ins. Co.*, the only case interpreting "mutual life insurance company" for purposes of section 809, the court determined that the critical feature distinguishing stock and mutual life insurance companies is that "mutual companies do not have stockholders."

In the present case, throughout *SLIC*'s first taxable year following the reorganization, *MHC* owns all the stock of *SHC*, which owns all the stock of *SLIC*. As ownership of *SLIC* is evidenced not by membership interests on the part of its policyholders, but by stock owned by *SHC, SLIC* is not a mutual life insurance company for purposes of section 809.

CONCLUSION

In determining its life insurance company taxable income for the first taxable year following the reorganization, *SLIC* is not a mutual life insurance company for which the deduction for policyholder dividends is reduced pursuant to sections 808(c)(2) and 809 of the Code. This conclusion would apply to subsequent taxable years if *SLIC* continues to be a subsidiary of a mutual holding company or other corporation. This conclusion also would apply if *MHC*, not *SHC*, owned all of the stock of *SLIC*.

CONTACT INFORMATION

For information regarding this revenue ruling, contact Branch 4 of the Office of Assistant Chief Counsel (Financial Institutions & Products) at (202) 622-3970 (not a toll-free call).

Section 1361.—S Corporation Defined

In what manner and under what employer identification number should employment tax obligations with respect to employees of a qualified subchapter S subsidiary be calculated, reported, and paid? See Notice 99–6, page 12.

Section 6404.—Abatements

26 CFR 301.6404 Abatement of interest.

T.D. 8789

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 301

Abatement of Interest

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulation.

SUMMARY: This document contains final regulations relating to the abatement of interest attributable to unreasonable errors or delays by an officer or employee of the IRS in performing a ministerial or managerial act. The final regulations reflect changes to the law made by the Tax Reform Act of 1986 and the Taxpayer Bill of Rights 2. The final regulations affect both taxpayers requesting abatement of certain interest and IRS personnel responsible for administering the abatement provisions.

DATES: *Effective Date:* These regulations are effective December 18, 1998.

Applicability date: For dates of applicability, see §301.6404–2(d).

FOR FURTHER INFORMATION CONTACT: Michael L. Gompertz, (202) 622-4910 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to the Procedure and Administration Regulations (26 CFR Part 301) relating to the abatement of interest attributable to unreasonable errors or delays by an officer or employee of the IRS under section 6404(e)(1) of the Internal Revenue Code. Section 6404(e)(1) was enacted by section 1563(a) of the Tax Reform Act of 1986 (1986 Act) (Public Law 99–514 (100 Stat. 2762) (1986)) and amended by section 301 of the Taxpayer Bill of Rights 2 (TBOR2) (Public Law 104–168 (110 Stat. 1452) (1996)).

Section 6404(e)(1) applies only to interest on taxes of a type for which a notice of deficiency is required by section 6212, that is, income tax, estate tax, gift tax, generation-skipping transfer tax, and certain excise taxes. Requests for abatement of interest should be made on Form 843, "Claim for Refund and Request for Abatement." For more information, see Publication 556, "Examination of Returns, Appeal Rights, and Claims for Refund."

As enacted by the 1986 Act, section 6404(e)(1) provided that the IRS may abate interest attributable to any error or delay by an officer or employee of the IRS (acting in an official capacity) in performing a ministerial act. The legislative history accompanying the Act provided:

> The committee intends that the term 'ministerial act' be limited to nondiscretionary acts where all of the preliminary prerequisites, such as conferencing and review by supervisors, have taken place. Thus, a ministerial act is a procedural action, not a decision in a substantive area of tax law.

H.R. Rep. No. 426, 99th Cong., 1st Sess. 845 (1985); S. Rep. No. 313, 99th Cong., 2d Sess. 209 (1986).

Further, Congress did not intend that the abatement of interest provision "be used routinely to avoid payment of interest." H.R. Rep. No. 426, 99th Cong., 1st Sess. 844 (1985); S. Rep. No. 313, 99th Cong., 2d Sess. 208 (1986). Rather, Congress intended abatement of interest to be used in instances "where failure to abate interest would be widely perceived as grossly unfair." *Id.*

In TBOR2, Congress amended section 6404(e)(1) to permit the IRS to abate interest attributable to any unreasonable error or delay by an officer or employee of the IRS (acting in an official capacity) in performing a managerial act as well as a ministerial act.

Pursuant to the legislative history accompanying TBOR2, a managerial act includes a loss of records or a personnel management decision such as the decision to approve a personnel transfer, extended leave, or extended training. See H.R. Rep. No. 506, 104th Cong., 2d Sess. 27 (1996). The legislative history of TBOR2 distinguished a managerial act from a general administrative decision and provided that interest would not be abated for delays resulting from general administrative decisions. For example, the taxpayer could not claim that the IRS's decision on how to organize the processing of tax returns or its delay in implementing an improved computer system resulted in an unreasonable delay in the Service's action on the taxpayer's tax return, and so the interest on any subsequent deficiency should be waived. The amendments to section 6404(e)(1) are effective for interest accruing with respect to deficiencies or payments for taxable years beginning after July 30, 1996.

On August 13, 1987, the IRS published temporary regulations (T.D. 8150, 1987–2 C.B. 281) in the **Federal Register** (52 F.R. 30162) relating to the definition of ministerial act for purposes of abatement of interest. A notice of proposed rulemaking (LR-34-87) cross-referencing the temporary regulations was also published in the **Federal Register** for the same day (52 F.R. 30177). No public hearing regarding these regulations was requested or held.

On January 8, 1998, the IRS published in the **Federal Register** a notice of proposed rulemaking (REG–209276–87, 1998–11 I.R.B. 18) under section 6404(e)(1) withdrawing the prior notice of proposed rulemaking and reproposing a modified version of the prior notice to incorporate the changes made by TBOR2 (63 F.R. 1086).

One written comment was received on the proposed regulations. No public hearing regarding these regulations was requested or held. After consideration of the written comment, the proposed regulations published on January 8, 1998, are adopted with minor changes by this Treasury decision.

Public Comments

A comment letter was received proposing that a special effective date rule be added to the regulations applicable to the abatement of interest on estate tax. The comment letter noted that because estate tax is not imposed with respect to a taxable year, it is difficult to apply the effective date rule in the proposed regulations to estate tax.

The comment letter also recommended that *Example 11* be clarified to provide more detailed guidance in determining the amount of interest the IRS should abate. Further, the comment letter recommended that *Example 12* be eliminated because errors in performing all interest computations should be considered ministerial. Finally, because it may be difficult for taxpayers to determine whether there has been delay by the IRS in performing a ministerial or managerial act, the comment letter recommended that the regulations authorize the Taxpayer Advocate to investigate on behalf of taxpayers the manner in which the IRS processed their cases. The commentator believes that this would assist taxpayers in filing requests for interest abatement.

Explanation of Provisions

In accordance with the first recommendation made in the comment letter, the final regulations include special effective date rules applicable to the abatement of interest on estate tax, gift tax, and generation-skipping transfer tax. The final regulations apply if the death occurred after July 30, 1996, or if the gift was made or the generation-skipping transfer occurred after December 31, 1996.

The other recommendations made in the comment letter are not adopted. The Treasury Department and the IRS believe that *Example 11* does not need any clarification and that *Example 12* is essentially correct as written (however, this Treasury decision makes minor modifications to *Example 12*). Finally, the Treasury Department and the IRS believe that it is not necessary for the regulations to authorize the Taxpayer Advocate to assist taxpayers in regard to interest abatement claims. Taxpayers who seek abatement of interest should file Form 843. If the taxpayer believes the IRS has improperly denied the request for abatement, the taxpayer may seek the assistance of the Taxpayer Advocate without specific authorization in the regulations. Also, the taxpayer may file a petition in the Tax Court under section 6404(g) to obtain judicial review of the denial of the request for abatement.

The final regulations add a new example (*Example 13*) to the regulations. This example clarifies that if the examination of a taxpayer's return is delayed, and both the actions of the taxpayer and those of the IRS contribute to the overall delay, the IRS cannot abate interest attributable to delay caused by the taxpayer. However, the IRS may abate interest attributable to unreasonable delay in the performance of a ministerial or managerial act if no significant aspect of this delay is attributable to the taxpayer.

Finally, the final regulations make obsolete Rev. Proc. 87–42 (1987–2 C.B. 589). Rev. Proc. 87–42 provides instructions for requesting interest abatement under section 6404(e) and examples illustrating the definition of *ministerial act*. The guidance provided by Rev. Proc. 87–42 is no longer needed. The instructions for requesting interest abatement are included in the instructions to Form 843.

Effect on Other Documents

Rev. Proc. 87–42 (1987–2 C.B. 589) is hereby terminated as of December 18, 1998.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, the IRS submitted the notice of proposed rulemaking preceding these regulations to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is David B. Auclair of the Office of Assistant Chief Counsel (Income Tax & Accounting). However, other personnel from the IRS and Treasury Department participated in their development.

* * * * *

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 301 is amended as follows:

PART 301—PROCEDURE AND ADMINISTRATION

Paragraph 1. The authority citation for part 301 is amended by adding an entry in numerical order for §301.6404–2 to read as follows:

Authority: 26 U.S.C. 7805 * * *

Section 301.6404–2 also issued under 26 U.S.C. 6404; * * *

Par. 2. Section 301.6404–2 is added to read as follows:

§301.6404–2 Abatement of interest.

(a) *In general.* (1) Section 6404(e)(1) provides that the Commissioner may (in the Commissioner's discretion) abate the assessment of all or any part of interest on any—

(i) Deficiency (as defined in section 6211(a), relating to income, estate, gift, generation-skipping, and certain excise taxes) attributable in whole or in part to any unreasonable error or delay by an officer or employee of the Internal Revenue Service (IRS) (acting in an official capacity) in performing a ministerial or managerial act; or

(ii) Payment of any tax described in section 6212(a) (relating to income, estate, gift, generation-skipping, and certain excise taxes) to the extent that any unreasonable error or delay in payment is attributable to an officer or employee of the IRS (acting in an official capacity) being erroneous or dilatory in performing a ministerial or managerial act.

(2) An error or delay in performing a ministerial or managerial act will be taken into account only if no significant aspect of the error or delay is attributable to the taxpayer involved or to a person related to the taxpayer within the meaning of section 267(b) or section 707(b)(1). Moreover, an error or delay in performing a ministerial or managerial act will be taken into account only if it occurs after the IRS has contacted the taxpayer in writing with respect to the deficiency or payment. For purposes of this paragraph (a)(2), no significant aspect of the error or delay is attributable to the taxpayer merely because the taxpayer consents to extend the period of limitations.

(b) *Definitions*—(1) *Managerial act* means an administrative act that occurs during the processing of a taxpayer's case involving the temporary or permanent loss of records or the exercise of judgment or discretion relating to management of personnel. A decision concerning the proper application of federal tax law (or other federal or state law) is not a managerial act. Further, a general administrative decision, such as the IRS's decision on how to organize the processing of tax returns or its delay in implementing an improved computer system, is not a managerial act for which interest can be abated under paragraph (a) of this section.

(2) *Ministerial act* means a procedural or mechanical act that does not involve the exercise of judgment or discretion, and that occurs during the processing of a taxpayer's case after all prerequisites to the act, such as conferences and review by supervisors, have taken place. A decision concerning the proper application of federal tax law (or other federal or state law) is not a ministerial act.

(c) *Examples.* The following examples illustrate the provisions of paragraphs (b)(1) and (2) of this section. Unless otherwise stated, for purposes of the examples, no significant aspect of any error or delay is attributable to the taxpayer, and the IRS has contacted the taxpayer in writing with respect to the deficiency or payment. The examples are as follows:

Example 1. A taxpayer moves from one state to another before the IRS selects the taxpayer's income tax return for examination. A letter explaining that the return has been selected for examination is sent to the taxpayer's old address and then forwarded to the new address. The taxpayer timely responds, asking that the audit be transferred to the IRS's district office that is nearest the new address. The group manager timely approves the request. After the request for transfer has been approved, the transfer of the case is a ministerial act. The Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable delay in transferring the case.

Example 2. An examination of a taxpayer's income tax return reveals a deficiency with respect to which a notice of deficiency will be issued. The taxpayer and the IRS identify all agreed and unagreed issues, the notice is prepared and reviewed (including review by District Counsel, if necessary), and any other relevant prerequisites are completed. The issuance of the notice of deficiency is a ministerial act. The Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable delay in issuing the notice.

Example 3. A revenue agent is sent to a training course for an extended period of time, and the agent's supervisor decides not to reassign the agent's cases. During the training course, no work is done on the cases assigned to the agent. The decision to send the revenue agent to the training course and the decision not to reassign the agent's cases are not ministerial acts; however, both decisions are managerial acts. The Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable delay resulting from these decisions.

Example 4. A taxpayer appears for an office audit and submits all necessary documentation and information. The auditor tells the taxpayer that the taxpayer will receive a copy of the audit report. However, before the report is prepared, the auditor is permanently reassigned to another group. An extended period of time passes before the auditor's cases are reassigned. The decision to reassign the auditor and the decision not to reassign the auditor's cases are not ministerial acts; however, they are managerial acts. The Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable delay resulting from these decisions.

Example 5. A taxpayer is notified that the IRS intends to audit the taxpayer's income tax return. The agent assigned to the case is granted sick leave for an extended period of time, and the taxpayer's case is not reassigned. The decision to grant sick leave and the decision not to reassign the taxpayer's case to another agent are not ministerial acts; however, they are managerial acts. The Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable delay caused by these decisions.

Example 6. A revenue agent has completed an examination of the income tax return of a taxpayer. There are issues that are not agreed upon between the taxpayer and the IRS. Before the notice of deficiency is prepared and reviewed, a clerical employee misplaces the taxpayer's case file. The act of misplacing the case file is a managerial act. The Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable delay resulting from the file being misplaced.

Example 7. A taxpayer invests in a tax shelter and reports a loss from the tax shelter on the taxpayer's income tax return. IRS personnel conduct an extensive examination of the tax shelter, and the processing of the taxpayer's case is delayed because of that examination. The decision to delay the processing of the taxpayer's case until the completion of the examination of the tax shelter is a decision on how to organize the processing of tax returns. This is a general administrative decision. Consequently, interest attributable to a delay caused by this decision cannot be abated under paragraph (a) of this section.

Example 8. A taxpayer claims a loss on the taxpayer's income tax return and is notified that the IRS intends to examine the return. However, a decision is made not to commence the examination of the taxpayer's return until the processing of another return, for which the statute of limitations is about to expire, is completed. The decision on how to prioritize the processing of returns based on the expiration of the statute of limitations is a general administrative decision. Consequently, interest attributable to a delay caused by this decision cannot be abated under paragraph (a) of this section.

Example 9. During the examination of an income tax return, there is disagreement between the taxpayer and the revenue agent regarding certain itemized deductions claimed by the taxpayer on the return. To resolve the issue, advice is requested in a timely manner from the Office of Chief Counsel on a substantive issue of federal tax law. The decision to request advice is a decision concerning the proper application of federal tax law; it is neither a ministerial nor a managerial act. Consequently, interest attributable to a delay resulting from the decision to request advice cannot be abated under paragraph (a) of this section.

Example 10. The facts are the same as in *Example 9* except the attorney who is assigned to respond to the request for advice is granted leave for an extended period of time. The case is not reassigned during the attorney's absence. The decision to grant leave and the decision not to reassign the taxpayer's case to another attorney are not ministerial acts; however, they are managerial acts. The Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable delay caused by these decisions.

Example 11. A taxpayer contacts an IRS employee and requests information with respect to the amount due to satisfy the taxpayer's income tax liability for a particular taxable year. Because the employee fails to access the most recent data, the employee gives the taxpayer an incorrect amount due. As a result, the taxpayer pays less than the amount required to satisfy the tax liability. Accessing the most recent data is a ministerial act. The Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable error or delay arising from giving the taxpayer an incorrect amount due to satisfy the taxpayer's income tax liability.

Example 12. A taxpayer contacts an IRS employee and requests information with respect to the amount due to satisfy the taxpayer's income tax liability for a particular taxable year. To determine the current amount due, the employee must interpret complex provisions of federal tax law involving net operating loss carrybacks and foreign tax credits. Because the employee incorrectly interprets these provisions, the employee gives the taxpayer an incorrect amount due. As a result, the taxpayer pays less than the amount required to satisfy the tax liability. Interpreting complex provisions of federal tax law is neither a ministerial nor a managerial act. Consequently, interest attributable to an error or delay arising from giving the taxpayer an incorrect amount due to satisfy the taxpayer's income tax liability in this situation cannot be abated under paragraph (a) of this section.

Example 13. A taxpayer moves from one state to another after the IRS has undertaken an examination of the taxpayer's income tax return. The taxpayer asks that the audit be transferred to the IRS's district office that is nearest the new address. The group manager approves the request, and the case is transferred. Thereafter, the taxpayer moves to yet another state, and once again asks that the audit be transferred to the IRS's district office that is nearest that new address. The group manager approves the request, and the case is again transferred. The agent then assigned to the case is granted sick leave for an extended period of time, and the taxpayer's case is not reassigned. The taxpayer's repeated moves result in a delay in the completion of the examination. Under paragraph (a)(2) of this section, interest attributable to this delay cannot be abated because a significant aspect of this delay is attributable to the taxpayer. However, as in Example 5, the Commissioner may (in the Commissioner's discretion) abate interest attributable to any unreasonable delay caused by the managerial decisions to grant sick leave and not to reassign the taxpayer's case to another agent.

(d) *Effective dates*—(1) *In general*. Except as provided in paragraph (d)(2) of this section, the provisions of this section apply to interest accruing with respect to deficiencies or payments of any tax described in section 6212(a) for taxable years beginning after July 30, 1996.

(2) *Special rules*—(i) *Estate tax*. The provisions of this section apply to interest accruing with respect to deficiencies or payments of—

(A) Estate tax imposed under section 2001 on estates of decedents dying after July 30, 1996;

(B) The additional estate tax imposed under sections 2032A(c) and 2056A(b)(1)(B) in the case of taxable events occurring after July 30, 1996; and

(C) The additional estate tax imposed under section 2056A(b)(1)(A) in the case of taxable events occurring after December 31, 1996.

(ii) *Gift tax*. The provisions of this section apply to interest accruing with respect to deficiencies or payments of gift tax imposed under chapter 12 on gifts made after December 31, 1996.

(iii) *Generation-skipping transfer tax*. The provisions of this section apply to interest accruing with respect to deficiencies or payments of generation-skipping transfer tax imposed under chapter 13—

(A) On direct skips occurring at death, if the transferor dies after July 30, 1996; and

(B) On inter vivos direct skips, and all taxable terminations and taxable distributions occurring after December 31, 1996.

§301.6404–2T [Removed]

Par. 3. Section 301.6404–2T is removed.

Michael P. Dolan,
Deputy Commissioner of Internal Revenue.

Approved October 20, 1998

Donald C. Lubick,
Assistant Secretary of the Treasury.

(Filed by the Office of the Federal Register on December 17, 1998, 8:45 a.m., and published in the issue of the Federal Register for December 18, 1998, 63 F.R. 70012)

Section 7701.—Definitions

Section 301.7701–2: Business entities; definitions.

In what manner and under what employer identification number should employment tax obligations with respect to employees of an entity disregarded as an entity separate from its owner under § 301.7701–2(c)(2) be calculated, reported, and paid? See Notice 99–6, page 12.

Penalty and Interest Study

Notice 99–4

PURPOSE

This notice invites public comment in connection with a study being conducted by the Department of the Treasury and the Internal Revenue Service regarding the administration and implementation of the penalty and interest provisions of the Internal Revenue Code. This study is required by § 3801 of the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105–206, 112 Stat. 782 (RRA).

BACKGROUND

The Code contains numerous provisions imposing civil tax penalties upon taxpayers and tax return preparers for certain conduct. Chapter 68 divides many of these civil penalties into two categories: Additions to the Tax and Additional Amounts (Subchapter A) and Assessable Penalties (Subchapter B). In addition, many other penalty provisions are contained in other chapters of the Code. Prior to the enactment of the Improved Penalty Administration and Compliance Act of 1989, included as part of the Omnibus Budget Reconciliation Act of 1989 (OBRA 1989), the Commissioner established a task force to study civil tax penalties. The task force recommended many improvements to penalty administration that were adopted.

Congress, through OBRA 1989, attempted to simplify the penalty structure and address legislative inconsistencies. Congress also made general administrative recommendations regarding the administration and implementation of the civil tax penalties. H.R. Conf. Rep. No. 386, 101st Cong., 1st Sess. 661 (1989). These general administrative recommendations included requiring the Service to develop a policy statement emphasizing that civil tax penalties exist for the purpose of encouraging voluntary compliance and to develop a handbook on penalties for employees. *Id.*

Subsequent to OBRA 1989, the Service developed a penalty handbook located in Part XX of the Internal Revenue Manual. In that handbook, the Service stated that "penalties are used to enhance voluntary compliance." IRM (20)121. Furthermore, the handbook states that "the Service uses penalties to encourage voluntary compliance by: (1) helping taxpayers understand that compliant conduct is appropriate and that noncompliant conduct is not; (2) deterring noncompliance by imposing costs on [noncompliance]; and (3) establishing the fairness of the tax system by justly penalizing the noncompliant taxpayer." *Id.*

Section 6601 of the Code provides that taxpayers who underpay their taxes generally must pay interest to the government for the period of the underpayment. Various other provisions of the Code provide for the payment of interest by the government on tax overpayments (*see* § 6611), the abatement of underpayment interest in certain circumstances (*see* § 6404), and the payment of interest on erroneous refunds recoverable by suit (*see* § 6602). Other provisions allow for crediting or refunding of certain overpayments without interest (*see, e.g.*, § 6416(b)).

Section 3801 of RRA calls for the Joint Committee on Taxation and the Secretary of the Treasury to each conduct studies: (1) reviewing the administration and implementation by the Internal Revenue Service of the interest and penalty provisions of the Internal Revenue Code of 1986 (including the penalty reform provisions of the Omnibus Budget Reconciliation Act of 1989); and (2) making any legislative and administrative recommendations the Committee or the Secretary deems appropriate to simplify penalty or interest administration and to reduce taxpayer burden. These studies are to be reported to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than July 22, 1999.

REQUEST FOR PUBLIC COMMENT

The Conference Committee Report for RRA with respect to § 3801 states that the "conferees expect that the Joint Committee on Taxation and the Treasury Department will consider comments from taxpayers and practitioners on the issues relevant to the studies." H.R. Conf. Rep. No. 599, 105th Cong., 2d Sess. 323 (1998). Accordingly, the Department of the Treasury and the Service request comments with respect to issues relevant to penalties and interest, and in particular, the following:

1. whether the penalty and interest provisions of the Code encourage voluntary compliance (i.e., whether they are effective deterrents to noncompliance, tax avoidance, and fraud);
2. whether administration of these provisions by the Service encourages voluntary compliance;
3. whether the penalty and interest provisions are designed in a manner that promotes efficient and effective administration by the Service;
4. whether and how the Service's penalty and interest administration should be simplified or the burden modified on taxpayers and other third parties such as tax return preparers;
5. whether the penalty and interest provisions are designed to operate, and are administered by the Service, fairly such that similarly situated taxpayers are treated alike;
6. whether the current penalty and interest provisions allow taxpayers to generate overpayments or underpayments in order to take advantage of disparities between commercial borrowing rates and the rates imposed by § 6621;
7. whether communications from the Service to taxpayers provide an adequate explanation of why penalties and interest were imposed so that taxpayers can avoid penalties and interest in the future;
8. the sources and scope of the Commissioner's authority to waive or not enforce penalties, and whether such authority should be modified;
9. whether the Commissioner's authority to abate interest under § 6404 should be modified;
10. whether the Service's administration of its penalty waiver and interest abatement authority is accomplished uniformly and fairly and the effect of the Service's administration of its penalty waiver and interest abatement authority (including the effect on compliance);
11. whether certain provisions of the Code should be clarified to identify whether they impose a penalty or tax

(given that the characterization may effect the determination of when interest accrues thereon);

12. whether and how the penalty and interest regimes of voluntary tax systems of other countries compare to the U.S. federal tax penalty and interest regime; and

13. whether different entities should be subject to different penalty regimes; and whether penalty regimes should align with the four operating units of the Service's future structure.

The Department of the Treasury and the Service would appreciate written comments on the above issues or other issues relevant to this study, including specific recommendations on ways to (i) simplify the present-law penalty and interest provisions, (ii) make the administration of such provisions more efficient, (iii) reduce inequities and burdens on taxpayers, and (iv) deter noncompliance, tax avoidance and fraud. Comments should be submitted by Friday, February 26, 1999, to:

Internal Revenue Service
P.O. Box 7604
Ben Franklin Station
Attn: CC:DOM:CORP:T:R:IT&A
(Branch 4)
Room 5228
Washington, DC 20044

or by submitting comments directly to http://www.irs.ustreas.gov/prod/tax_regs/comments.html (the IRS Internet site).

The comments you submit will be available for public inspection and copying.

DRAFTING INFORMATION

The principal author of this notice is Charles A. Hall of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this notice contact Mr. Hall at (202) 622-4940 (not a toll-free call).

Eligible Rollover Distributions

Notice 99–5

I. PURPOSE

This notice provides transition relief and guidance relating to the exception to the definition of eligible rollover distribution for certain hardship distributions. This exception was added to §§ 402(c)(4) and 403(b)(8)(B) of the Internal Revenue Code (the "Code") by § 6005(c)(2)(A) and (B) of the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. 105–206 ("RRA 98"). The transition relief responds to significant comment activity evidencing the inability of many plan administrators and taxpayers to adjust their systems to accommodate the new exception by January 1, 1999. In general, the relief granted allows both § 401(a) plans and § 403(b) annuities to delay implementation of the exception as it applies to distributions occurring before January 1, 2000.

II. BACKGROUND

Section 401(a)(31) requires a plan to permit distributees to elect to have an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee.

Section 403(b)(10) provides that a § 403(b) annuity must meet requirements similar to the requirements of § 401(a)(31).

Section 402(c)(4) generally provides that any distribution of the balance to the credit of an employee is an eligible rollover distribution. However, as exceptions to this general rule, that section specifies certain distributions of the balance to the credit of an employee that are not eligible rollover distributions.

Prior to amendment by RRA 98, the exceptions to the definition of eligible rollover distribution provided for in § 402(c) were limited to any distribution that is one of a series of substantially equal periodic payments, any distribution to the extent such distribution is required under § 401(a)(9), and any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation described in § 402(e)(4)).

Section 403(b)(8) provides that rules similar to those in § 402(c)(4) apply for purposes of determining the amount eligible for rollover from a § 403(b) annuity. Section 1.403(b)–2, Q&A–1 provides that an eligible rollover distribution from a § 403(b) annuity is an eligible rollover distribution described in § 402(c)(4) and § 1.402(c)–2, except that the distribution is from a § 403(b) annuity rather than a qualified plan.

Section 6005(c)(2)(A) of RRA 98 added § 402(c)(4)(C) to the Code, which specifies an additional exception to the definition of eligible rollover distribution for any hardship distribution described in § 401(k)(2)(B)(i)(IV), effective for distributions after December 31, 1998. Section 6005(c)(2)(B) of RRA 98 amended § 403(b)(8)(B) of the Code to include a specific reference to § 402(c)(4)(C). Thus, the new exception also applies to distributions from § 403(b) annuities.

Section 401(k)(2)(B)(i) provides that contributions made under a qualified cash or deferred arrangement ("CODA") are not permitted to be distributed earlier than the occurrence of certain specified events. Under § 401(k)(2)(B)(i)(IV), an employee's elective contributions may be distributed upon the hardship of the employee. Section 1.401(k)–1(d)(2)(ii) provides that certain amounts, including earnings, credited to an employee's account as of a date specified in the plan containing the qualified CODA (which date generally was required to be before July 1, 1989) may also be distributed upon the hardship of the employee. Contributions not made under a qualified CODA, such as matching contributions or profit-sharing contributions that are not qualified nonelective contributions or qualified matching contributions, are not described in § 401(k)(2)(B)(i)(IV).

Sections 403(b)(1) and 403(b)(11) provide that amounts contributed pursuant to a salary reduction agreement for years beginning after December 31, 1988, are not permitted to be distributed earlier than the occurrence of certain specified events. Under § 403(b)(11)(B), such amounts may be distributed upon the hardship of the employee. Amounts held in an annuity contract described in § 403(b)(1) as of the close of the last year beginning before January 1, 1989, and amounts contributed to the contract as nonelective employer contributions are generally not subject to distribution restrictions.

Sections 403(b)(7) and 403(b)(11) provide that amounts contributed to a custodial account described in § 403(b)(7) are not permitted to be distributed earlier than the occurrence of certain specified events. Under §§ 403(b)(7) and 403(b)(11), contributions made pursuant to a salary reduction agreement, as well as any other amounts held in the custodial account as of the close of the last year beginning before January 1, 1989, may be distributed upon the hardship of the employee.

III. DEFINITIONS

For purposes of this notice, a "§ 403(b) annuity" includes an annuity contract, a custodial account, and a retirement income account described in § 403(b) (see § 1.403(b)–2, Q&A-1) and a "qualified plan" is an employees' trust described in § 401(a) that is exempt from tax under § 501(a) or an annuity plan described in § 403(a) (see § 1.402(c)–2, Q&A-2).

IV. TRANSITION RELIEF

Concerns have been raised by a significant number of plan administrators and recordkeepers about the infeasibility of changing plan systems in time to comply with the new exception to the definition of eligible rollover distribution. Comments have referred to the fact that frequently an amount that is a hardship distribution described in § 401(k)(2)(B)(i)(IV) or § 403(b) is distributed in combination with other amounts that are eligible for rollover under § 402(c). Many plan administrators and recordkeepers have indicated that it is not possible for them, in time for distributions to be made in 1999, both to develop systems to reflect the change in treatment for the portion of a distribution that is no longer eligible for rollover because it is a hardship distribution described in § 401(k)(2)(B)(i)(IV) and to develop procedures to explain this change to distributees.

In response to these concerns, for distributions during calendar year 1999, the Service and Treasury will allow any distribution from a qualified plan or § 403(b) annuity to be treated as an eligible rollover distribution within the meaning of § 402(c)(4) for all purposes under the Code to the extent that the distribution would have been an eligible rollover distribution under the definition of eligible rollover distribution under § 402(c)(4) immediately prior to its amendment by RRA 98. However, a qualified plan or § 403(b) annuity is permitted to determine the amount of any eligible rollover distribution in 1999 using the definition of eligible rollover distribution in § 402(c)(4) as amended by RRA 98. The use of the amended definition by the qualified plan or § 403(b) annuity in 1999 will not affect the eligibility of a distributee to determine the portion of the distribution that is an eligible rollover distribution using the definition in effect under § 402(c)(4) prior to its amendment by RRA 98, if the distributee chooses to roll over the distribution within 60 days pursuant to § 402(c) or § 403(b)(8).

V. HARDSHIP DESCRIBED IN SECTION 401(k)(2)(B)(i)(IV)

For distributions after December 31, 1999, the following rules apply to hardship distributions described in § 401(k)(2)(B)(i)(IV):

A. The portion of a distribution from a qualified plan that is ineligible for rollover treatment because it is "a hardship distribution described in § 401(k)(2)(B)(i)(IV)" is the amount described in § 1.401(k)–1(d)(2)(ii). Similarly, the portion of a distribution from a custodial account described in § 403(b)(7) made on account of hardship that is ineligible for rollover treatment is the amount of contributions made pursuant to a salary reduction agreement increased by any other amounts held in the custodial account as of the close of the last year beginning before January 1, 1989. However, in the case of an annuity contract described in § 403(b)(1), the portion of a hardship distribution that is ineligible for rollover treatment is the amount of contributions made pursuant to a salary reduction agreement in years beginning after December 31, 1988, and does not include amounts held in the contract as of the close of the last year beginning before January 1, 1989, or amounts attributable to nonelective employer contributions (because both of these amounts are distributable without regard to the hardship of the employee).

B. If another event occurs, such as the employee's separation from service or attainment of age 59½, so that distribution of an amount is permitted, without regard to hardship, under § 401(k)(2)(B), § 403(b)(7) or § 403(b)(11), no amount distributed after that event is ineligible for rollover treatment on account of being a hardship distribution described in § 401(k)(2)(B)(i)(IV), § 403(b)(7) or § 403(b)(11). This rule applies regardless of whether the qualified plan or § 403(b) annuity characterizes the distribution as a hardship distribution described in § 401(k)(2)(B)(i)(IV), § 403(b)(7) or § 403(b)(11).

C. If a portion of a distribution that includes a hardship distribution is not includible in gross income, the portion of the distribution that is not includible in gross income is first allocated to the hardship distribution and then any remaining portion not includible in gross income is allocated to the portion of the distribution that is not a hardship distribution.

VI. REMEDIAL AMENDMENT PERIOD

Some plans may contain provisions that conflict with the definition of eligible rollover distribution in § 402(c)(4) of the Code as amended by § 6005(c)(2) of RRA 98. If these plans choose to comply in operation with the amended definition in 1999, they are not required to conform plan language to the amended definition prior to the date set forth below.

Section 1.401(b)–1T(b)(3) authorizes the Commissioner to designate a plan provision as a disqualifying provision that either (1) results in the failure of the plan to satisfy the qualification requirements of the Code by reason of a change in those requirements or (2) is integral to a qualification requirement that has been changed. Section 1.401(b)–1T(c)(3) authorizes the Commissioner, in the case of a disqualifying provision designated as described in the preceding sentence, to impose limits and provide additional rules regarding the amendments that may be made with respect to that disqualifying provision.

Pursuant to § 1.401(b)–1T(b)(3) and (c)(3), a plan provision is hereby designated as a disqualifying provision if the plan provision is integral to the requirements of § 401(a)(31), but only to the extent such provision is amended to reflect the change made by § 6005(c)(2) of RRA 98, provided that the following conditions are satisfied. First, the plan provision must be amended to reflect the change made by § 6005(c)(2) of RRA 98 by no later than the last day of the first plan year beginning after December 31, 1998. (If an employer or plan administrator files a request for a determination letter on the qualified status of a plan by the last day of the first plan year beginning after December 31, 1998, then the date by which the plan provision must be amended shall be extended through the 91st day following the applicable date under § 1.401(b)–1(e)(3)(i) or (ii).) Second, the plan provision as amended must be effective as of the first day the plan operates in accordance with the change made by § 6005(c)(2) of RRA 98.

VII. DRAFTING INFORMATION

The principal author of this notice is Roger Kuehnle of the Employee Plans Division. For further information regarding this notice, please contact the Employee Plans Division's taxpayer assistance telephone service at (202) 622-6074/6075 (not toll-free numbers), between the hours of 1:30 and 3:30 p.m. Eastern Time, Monday through Thursday.

Payment of Employment Taxes with Respect to Disregarded Entities

Notice 99–6

PURPOSE

This notice solicits comments from taxpayers and practitioners regarding issues related to employment tax reporting and payment by qualified subchapter S subsidiaries and other entities that are disregarded as entities separate from their owners for federal tax purposes. This notice also discusses two methods of employment tax compliance that will be accepted by the Service until such time as formal reporting procedures are provided in other guidance.

Since the recent enactment of legislation and promulgation of regulations providing that certain wholly owned entities will be disregarded as entities separate from their owners, the Service has received many questions from taxpayers concerning the treatment of disregarded entities for federal employment tax purposes. To help employers comply with the employment tax requirements, the Department of the Treasury and the Internal Revenue Service intend to issue guidance illustrating the proper method for reporting employment taxes with respect to these entities.

BACKGROUND

Under § 1361 of the Internal Revenue Code (as amended by § 1308 of the Small Business Job Protection Act of 1996, Pub. L. No. 104–188, 110 Stat. 1755 and § 1601 of the Taxpayer Relief Act of 1997, Public Law 105–34, 111 Stat. 788), an S corporation may own a qualified subchapter S subsidiary. Section 1361(b)-(3)(B) defines the term "qualified subchapter S subsidiary" (QSub) as a domestic corporation that is not an ineligible corporation (as defined in § 1361(b)(2)), if (1) an S corporation holds 100 percent of the stock of the corporation, and (2) that S corporation elects to treat the subsidiary as a QSub. Except as otherwise provided in regulations, a corporation for which a QSub election is made is not treated as a separate corporation for federal tax purposes, and all assets, liabilities, and items of income, deduction, and credit of the QSub are treated as assets, liabilities, and items of income, deduction, and credit of the parent S corporation. Similar rules apply to qualified REIT subsidiaries under § 856(i).

Regulations issued under § 7701 of the Code provide for another type of disregarded entity. Section 301.7701–2(c)(2) of the Procedure and Administration Regulations provides that a business entity that has a single owner and that is not a corporation under § 301.7701–2(b) is disregarded as an entity separate from its owner for all federal tax purposes.

In general, employment tax responsibilities rest with an employer. For federal employment tax purposes, the common law rules for determining the identity of the employer ordinarily apply. Under these rules, the person for whom services are performed as an employee is generally considered the employer for purposes of the employment tax provisions. An employer generally is required to withhold and pay over applicable taxes from employees' wages, pay employer taxes, make timely tax deposits, file employment tax returns, and issue wage statements to employees (collectively, "employment tax obligations").

REQUEST FOR COMMENTS

Section 1361(b)(3) and § 301.7701–2(c)(2) cause the owner of a disregarded entity to be treated as the employer of the disregarded entity's employees for federal employment tax purposes. Thus, the owner generally is responsible for complying with all the employment tax obligations related to those employees.

Since enactment of the QSub statute and promulgation of the disregarded entity provision of the regulations, however, many taxpayers have mistakenly interpreted § 1361(b)(3) and § 301.7701–2(c)(2) as applying only for federal income tax purposes. In addition, the Service has received numerous comments and questions from other taxpayers that have properly interpreted the statute concerning the difficulties that arise from application of these provisions. Some of these taxpayers have expressed a strong preference for the continued recognition for employment tax purposes of the separate state law entities. Other taxpayers have expressed a preference for a literal application of the provisions, resulting in the treatment of the owner of the disregarded entity as the employer.

Prior to issuing formal guidance, the Service is requesting comments concerning employment tax and certain reporting issues relating to disregarded entities that should be addressed in future guidance. This notice solicits comments from taxpayers and practitioners regarding the following issues:

1) Any increase or decrease in the administrative burden on taxpayers created by a system of filing employment tax returns under the owner's name and taxpayer identification number where employees are actually employed by a state law entity that is disregarded as an entity separate from its owner for federal tax purposes;

2) Whether different rules should apply to newly formed disregarded entities with no previous employment tax history as opposed to entities in existence prior to the time when they became disregarded;

3) Different results (both in amount of tax, type of tax, and time and method of deposits) that arise from filing as one employer as compared to filing as separate employers;

4) Appropriate methods for notifying the service center about changes in employment tax obligations when an entity's status as a disregarded entity changes;

5) Possible issues arising in situations

where the owner or the disregarded entity is formed or domiciled in a country other than the United States;

6) Additional issues relating to employment taxes and disregarded entities including, but not limited to, confusion for employees, employers, and state and federal agencies resulting from a single entity reporting structure for employment tax purposes; and

7) Whether any guidance issued should also apply to qualified REIT subsidiaries (as defined in § 856(i)).

Comments are also requested concerning issues related to disregarded entities but outside the employment tax area. Those issues include but are not limited to the following:

1) Information reporting on IRS Form 1099s issued by, or with respect to, disregarded entities and their owners; and

2) Issues related to qualified or nonqualified deferred compensation plans, fringe benefit and welfare plans, and other compensation arrangements.

Written comments should be sent to the following address:

Internal Revenue Service
CC:DOM:CORP (NT 99-6;
CC:DOM:P&SI:1)
P.O. Box 7604, Ben Franklin Station
Washington, DC 20044

In the alternative, comments may be hand delivered between the hours of 8:00 a.m. and 5:00 p.m. to the courier's desk at 1111 Constitution Avenue, NW, Washington, DC, or submitted electronically via the IRS Internet site at http://www.irs.ustreas.gov/prod/tax_regs/comments.html .

Because the Service and Treasury would like to receive comments early in the developmental stages of potential guidance, comments should be forwarded to one of the addresses above prior to April 20, 1999. However, to the extent possible, consideration will be given to comments received after that date.

TEMPORARY EMPLOYMENT TAX PROCEDURES

Until additional guidance is issued, the Service generally will accept reporting and payment of employment taxes with respect to the employees of a QSub or an entity disregarded as an entity separate from its owner under § 301.7701–2(c)(2) if made in one of two ways:

1) Calculation, reporting, and payment of all employment tax obligations with respect to employees of a disregarded entity by its owner (as though the employees of the disregarded entity are employed directly by the owner) and under the owner's name and taxpayer identification number; or

2) Separate calculation, reporting, and payment of all employment tax obligations by each state law entity with respect to its employees under its own name and taxpayer identification number.

If the second method is chosen, the owner retains ultimate responsibility for the employment tax obligations incurred with respect to employees of the disregarded entity. This method merely permits the employment tax obligations of the owner incurred with respect to the disregarded entity to be fulfilled through the separate calculation, reporting, and payment of employment taxes by the disregarded entity. Accordingly, the Service will not proceed against the owner for employment tax obligations relating to employees of a disregarded entity if those obligations are fulfilled by the disregarded entity using its own name and taxpayer identification number, even if there are differences in the timing or amount of payments or deposits as calculated under the second method. If the first method is selected, a final employment tax return should be filed with respect to a disregarded entity that formerly calculated, reported, and paid its employment tax obligations on a separate basis.

An owner of multiple disregarded entities may choose the first method with respect to some disregarded entities and the second method with respect to its other disregarded entities. The fact that an owner of a disregarded entity chooses to calculate, report, and pay its employment tax obligations under the second method with respect to a given disregarded entity for one taxable year will not preclude the owner from switching to the first method in a subsequent taxable year. However, if the owner uses the first method of calculating, reporting, and paying employment tax obligations with respect to a given disregarded entity for a return period that begins on or after April 20, 1999, the taxpayer must continue to use the first method unless and until otherwise permitted by the Commissioner.

DRAFTING INFORMATION

The principal authors of this notice are Deanna Walton of the Office of Assistant Chief Counsel (Passthroughs and Special Industries) and John Richards of the Office of Associate Chief Counsel (Employee Benefits and Exempt Organizations). For further information regarding this notice contact Ms. Walton at (202) 622-3050 or Mr. Richards at (202) 622-6040 (not toll-free calls).

---

26 CFR 601.702: Publication and public inspection. (Also Part I, section 6103)

Rev. Proc. 99–12

The Internal Revenue Service is continuing its program of reviewing and identifying those revenue procedures that, although not specifically revoked or superseded, are no longer considered determinative. The revenue procedure listed below relates to the manner, time, and place by which employees of Federal, State, and local child support enforcement agencies may obtain return information from the Internal Revenue Service in accordance with section 6103(l)(6) of the Internal Revenue Code for purposes of the administration of part D of title IV of the Social Security Act. The revenue procedure is made obsolete because the Office of Child Support Enforcement (OCSE) of the Department of Health and Human Services (HHS) now acts as a conduit under the authority of section 6103(l)(6) of the Internal Revenue Code (Code) to disclose certain income and address information directly to State and local child support enforcement agencies, to certify applications for the IRS full collection process under section 6305 of the Code, and to administer the Federal Parent Locator Service (FPLS).

Prior to this, each participating Federal, State and local child support enforcement agencies had to enter into a written contractual agreement with the IRS to receive return information under section 6103(l)(6) (Project 419) and/or to receive return information under Project 719 (Parent Locator Service).

Now child support enforcement agencies may receive certain income and address information directly from OCSE (who secures the information from the IRS), or submit an application to OCSE to participate in the FPLS and/or submit an application for full collection of delinquent child support payment by the IRS. Even though other income sources are actively being sought while the noncustodial parent's wages and assets are placed in full collection status, refunds from the parent's income tax return may be offset to pay the delinquent child support.

IRS Publication 1105, Child Support Enforcement Handbook, sets forth the procedures to follow to participate in the IRS full collection process or the FPLS. It also sets forth procedures for child support enforcement agencies to follow when requesting certain return information from OCSE. The current procedures streamline the process of section 6103(l)(6) disclosures to agencies. The State and local child enforcement agencies now interact with their Federal counterpart to receive the necessary information to enforce past due obligations. IRS still performs needed safeguarding oversight as required by section 6103(p)(4).

Accordingly, the revenue procedure listed below is obsolete.

Rev. Proc. No.	*C.B. Citation*
78–10	1978–1, 564

Part IV. Items of General Interest

The IRS Will Permit Electronic Submission of Form W-5

Announcement 99–3

The Internal Revenue Service will allow employers to establish a system to electronically receive Form W-5, Earned Income Credit Advance Payment Certificate. In general, the electronic system must meet the requirements described in paragraphs (1) through (5) below. In the next revision of Publication 15-A, Employer's Supplemental Tax Guide, the IRS will reflect the provisions of this announcement.

For purposes of this announcement, "employer" refers to a person who employs one or more individuals eligible to receive advance earned income credit payments. "Employee" refers to a filer of Form W-5 with that employer.

Requirements

(1) *In general.* The electronic system must ensure that the information received by the employer is the information sent by the employee. The system must document all occasions of user access that result in a submission. In addition, the design and operation of the electronic system, including access procedures, must make it reasonably certain that the person accessing the system and submitting the Form W-5 is the person identified on the form.

(2) *Same information as paper Form W-5.* The electronic submission must provide the employer with exactly the same information as the paper Form W-5.

(3) *Signature requirements and perjury statement.* The electronic submission must be signed with an electronic signature by the employee whose name is on the Form W-5.

(A) *Electronic signature.* The electronic signature must identify the employee submitting the electronic form and must authenticate and verify the submission. For this purpose, the terms "authenticate" and "verify" have the same meanings as they do when applied to a written signature on a paper Form W-5. An electronic signature can be in any form that satisfies the foregoing requirements. The electronic signature must be the final entry in the submission.

(B) *Perjury statement.* The electronic signature on Form W-5 must be under penalties of perjury. The perjury statement must contain the language that appears on the paper W-5. The electronic system must inform the employee that he or she makes the declaration contained in the perjury statement and that the declaration is made by signing the Form W-5. The language of the perjury statement must immediately follow the employee's certifying statements and immediately precede the electronic signature.

(4) *Copies of electronic Forms W-5.* Upon request by the Internal Revenue Service, the employer must supply a hard copy of the electronic Form W-5 and a statement that, to the best of the employer's knowledge, the electronic Form W-5 was submitted by the named employee. The hard copy of the electronic Form W-5 must provide exactly the same information as, but need not be a facsimile of, the paper Form W-5.

(5) *Recordkeeping.* Employers who choose to establish an electronic system for submission of Form W-5 must comply with the applicable recordkeeping requirements. See Rev. Proc. 98–25, 1998–11 I.R.B. 7.

(6) *Effective date.* This announcement applies to Forms W-5 submitted electronically by employees on or after January 19, 1999.

For further information regarding this announcement, contact Erinn Madden of the Office of the Assistant Chief Counsel (Employee Plans and Exempt Organizations) at (202) 622-6040 (not a toll-free call).

Chief Counsel Advice Available for Public Inspection

Announcement 99–4

The Internal Revenue Service will soon begin to make certain documents, called "Chief Counsel Advice" available for public inspection. Under section 6110(i)-(1) of the Internal Revenue Code, Chief Counsel Advice is written advice or instruction that conveys legal interpretations or positions of the Service or the Office of Chief Counsel concerning existing or former revenue provisions. Chief Counsel Advice is written by any national office component of the Office of Chief Counsel to Chief Counsel field offices or Service field offices. Chief Counsel Advice are not definitive statements of Service position, and may not be used or cited as precedent in resolving cases, but access will provide taxpayers with the views of personnel of the Office of Chief Counsel as to current tax issues. *See* H.R. Conf. Rep. No. 599, 105th Cong., 2d Sess. , at 301 (1998).

Some of these Chief Counsel Advice documents will relate to tax issues of specific taxpayers; however, the release process will ensure that the public availability of Chief Counsel Advice will not violate taxpayer privacy. Pursuant to section 6110(c)(1) and (i)(4)(B) of the Code, after a document that constitutes Chief Counsel Advice has been issued to the field, the taxpayer will be contacted by the Service and will be provided an opportunity to help the Service locate and delete from the document, information that might identify the taxpayer. This will occur prior to the document being made available to the public.

Prior to the release of the document to the public and prior to the contact with any particular taxpayer involved, Congress has authorized the Service to remove other types of information that are exempt from public disclosure under the Freedom of Information Act (FOIA). *See* section 6110(i)(3)(B). These deletions will be made only if necessary to protect information that might jeopardize an ongoing controversy or that would be harmful to other interests specified in the FOIA. After the document has been made available to the public, the correctness of the deletion of this information from the document can be challenged under existing disclosure rules.

Documents released under this process will be found in the Freedom of Information Reading Room, 1111 Constitution Ave., NW, Washington, DC 20224, where they can be read and copied by the public.

Because no nontaxpayer specific Chief Counsel Advice was issued between October 20, 1998, and November 9, 1998, no documents will be available before the week of January 4, 1999. Thereafter, newly issued documents will be released on a weekly basis. Beginning February 1, 1999, Chief Counsel Advice will also be made available to the public by posting them weekly on the IRS public Internet site at http://www.irs.ustreas.gov/prod/news/efoia/index.html.

Also beginning February 1, 1999, the Service anticipates making technical advice memoranda and private letter rulings available electronically on its Internet site. These documents have previously been released only in paper medium.

In addition, beginning in 1999, the Service will also start releasing to the public certain Chief Counsel Advice that had been issued in prior years. The Office of Chief Counsel has begun the preparation of these documents for release. Prior to release of documents which were prepared with respect to tax issues of a particular taxpayer, the Service will contact the taxpayer and provide an opportunity to assist the Service in deleting information that might identify the taxpayer.

The principal author of this announcement is Andrea Tucker of the Office of Associate Chief Counsel (Domestic). For further information regarding this announcement contact Ms. Tucker on (202) 622-4540 (not a toll-free call).

Alternative Methods for Reporting 1998 and 1999 IRA Recharacterizations and Reconversions

Announcement 99–5

Purpose

This announcement provides that alternative methods of reporting 1998 and 1999 recharacterizations of IRA contributions and 1998 and 1999 reconversions will be acceptable in certain circumstances.

Background

Section 1.408A–7 of the proposed Income Tax Regulations provides that a conversion of an amount from an IRA other than a Roth IRA to a Roth IRA is a distribution from the nonRoth IRA, requiring the filing of a Form 1099–R by the trustee, custodian or issuer (hereinafter referred to as “trustee”) of the non-Roth IRA.

Notice 98–49, 1998–38 I.R.B. 5 (September 21, 1998), provides that, for a recharacterization occurring in 1998, the trustee of the FIRST IRA reports the transfer using Code G on Form 1099–R and the trustee of the SECOND IRA reports the receipt of the transferred amount as a rollover contribution on Form 5498.

Notice 98–50, 1998–44 I.R.B. 10 (November 2, 1998), generally provides that more than one “reconversion” (that is, a conversion from a traditional IRA to a Roth IRA of an amount that had previously been recharacterized as a contribution to the traditional IRA after having been earlier converted to a Roth IRA) occurring on or after the effective date of the notice is an “excess reconversion.” When a taxpayer has one or more excess reconversions, the taxable conversion amount (as defined in § 1.408A–8, Q&A-1(b)(7) of the proposed regulations) is based on the reconversion immediately preceding the first excess reconversion.

Announcement 98–113, 1998–51 I.R.B. 48 (December 21, 1998), provides that payers may use Code J in Box 7 on the 1998 Form 1099–R to report all distributions from Roth IRAs.

Alternative Reporting Methods

A trustee will not fail to satisfy the reporting requirements under §§ 408(i) and 6047 of the Internal Revenue Code for completing Forms 1099–R or Forms 5498 for IRAs merely because, in the event of one or more recharacterizations occurring in 1998 using the same trustee and subsequent reconversions, if any, occurring in 1998 using that same trustee, the trustee reports the results of these recharacterizations and reconversions on the appropriate forms using a reasonable alternative method in lieu of the method described in Notice 98–49, § 1.408A–7 of the proposed Income Tax Regulations and the instructions to Forms 1099–R and 5498. Similarly, a trustee will not fail to satisfy the reporting requirements described in the preceding sentence merely because, in the event of one or more recharacterizations occurring in 1999 using the same trustee and subsequent reconversions, if any, occurring in 1999 using that same trustee, the trustee reports the results of these recharacterizations and reconversions on the appropriate forms using a reasonable alternative method.

Any trustee using an alternative method must provide instructions to the IRA owner, in conjunction with account statements (or other information) the trustee provides to the IRA owner, on how to use the information provided on the forms to properly report the recharacterizations and reconversions on his or her Federal income tax return for 1998 and/or 1999, as applicable, including how to use the information to complete related forms such as Form 8606 and Form 5329.

For purposes of this announcement, whether a transaction occurs using the same trustee is determined by the trustee’s Federal identification number. Thus, a transaction that occurs between trustees using different Federal identification numbers for purposes of issuing Forms 1099–R and Forms 5498 is not a transaction that occurs using the same trustee.

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C.—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contribution Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign Corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Proc..—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statements of Procedral Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

Numerical Finding List[1]

Bulletins 1999–1 and 2

Announcements:

99–1, 1999–2 I.R.B. *41*
99–2, 1999–2 I.R.B. *44*
99–7, 1999–2 I.R.B. *45*

Notices:

99–1, 1999–2 I.R.B. *8*
99–2, 1999–2 I.R.B. *8*
99–3, 1999–2 I.R.B. *10*

Revenue Procedures:

99–1, 1999–1 I.R.B. *6*
99–2, 1999–1 I.R.B. *73*
99–3, 1999–1 I.R.B. *103*
99–4, 1999–1 I.R.B. *115*
99–5, 1999–1 I.R.B. *158*
99–6, 1999–1 I.R.B. *187*
99–7, 1999–1 I.R.B. *226*
99–8, 1999–1 I.R.B. *229*
99–9, 1999–2 I.R.B. *17*
99–10, 1999–2 I.R.B. *11*
99–11, 1999–2 I.R.B. *11*

Revenue Rulings:

99–1, 1999–2 I.R.B. *4*
99–2, 1999–2 I.R.B. *5*

[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 1998–1 through 1998–52 will be found in Internal Revenue Bulletin 1999–1, dated January 4, 1999.

Finding List of Current Action on Previously Published Items[1]

Bulletins 1999–1 and 2

Revenue Procedures:

94–56
Superseded by
99–9, 1999–2 I.R.B. *17*

97–23
Superseded by
99–3, 1999–1 I.R.B. *103*

98–1
Superseded by
99–1, 1999–1 I.R.B. *6*

98–2
Superseded by
99–2, 1999–1 I.R.B. *73*

98–3
Superseded by
99–3, 1999–1 I.R.B. *103*

98–4
Superseded by
99–4, 1999–1 I.R.B. *115*

98–5
Superseded by
99–5, 1999–1 I.R.B. *158*

98–6
Superseded by
99–6, 1999–1 I.R.B. *187*

98–7
Superseded by
99–7, 1999–1 I.R.B. *226*

98–8
Superseded by
99–8, 1999–1 I.R.B. *229*

98–56
Superseded by
99–3, 1999–1 I.R.B. *103*

98–63
Modified by announcement
99–7, 1999–2 I.R.B. *45*

[1] A cumulative finding list for previously published items mentioned in Internal Revenue Bulletins 1998–1 through 1998–52 will be found in Internal Revenue Bulletin 1999–1, dated January 4, 1999.

Notes

Notes

Notes

Superintendent of Documents Publications and Subscriptions Order Form | **New Deposit Account?**

Order processing code: *3119 | **Check here** ☐

NOTE: All prices include regular domestic postage and handling. Subscription prices are subject to change at any time. International customers, please add 25%. To fax your orders (202) 512-2250.

Publications

Qty.	Stock Number	Title	Price Each	Total Price
	021-066-00909-2	Subject Bibliography listing Cum. Bulletins prior to 1988 SB-066	FREE	FREE
	048-004-02277-0	Cum. Bulletin 1988-1 (Jan-June)	$42	
	048-004-02279-6	Cum. Bulletin 1988-2 (July-Dec)	$41	
	048-004-02291-5	Cum. Bulletin 1988-3	$40	
	048-004-02286-9	Cum. Bulletin 1989-1 (Jan-June)	$44	
	048-004-02292-3	Cum. Bulletin 1989-2 (July-Dec)	$40	
	048-004-02295-8	Cum. Bulletin 1990-1 (Jan-June)	$38	
	048-004-02300-8	Cum. Bulletin 1990-2 (July-Dec)	$41	
	048-004-02305-9	Cum. Bulletin 1991-1 (Jan-June)	$44	
	048-004-02309-1	Cum. Bulletin 1991-2 (July-Dec)	$45	
	048-004-02310-5	Cum. Bulletin 1992-1 (Jan-June)	$51	
	048-004-02317-2	Cum. Bulletin 1992-2 (July-Dec)	$47	
		Total for Publications		

FUTURE EDITIONS of Internal Revenue Cumulative Bulletins are available through "STANDING ORDER SERVICE." Get these future editions—automatically—without having to initiate a purchase order.

AUTHORIZATION FOR STANDING ORDER SERVICE

I hereby authorize the Superintendent of Documents to charge my:

☐ VISA, ☐ MasterCard, or ☐ Superintendent of Documents Deposit Account for the Standing Order item below selected and shipped to me.

Authorizing signature (Standing Orders not valid unless signed.)

Please print or type your name.

Office Phone Number (_______)

Qty.	Standing Order	Title
	ZIRSC	Internal Revenue Cumulative Bulletins

GPO DEPOSIT ACCOUNT

A Deposit Account will enable you to use Standing Order Service to receive subsequent volumes quickly and automatically. For an initial deposit of $50 you can establish your GPO Deposit Account.

☐ **YES!** Open a Deposit Account for me so I can order future publications quickly and easily. I'm enclosing the $50.00 initial deposit.

Subscriptions

Qty.	List ID	Title	Price Each	Total Price
	N-914	Priority Announcements for Accountants	FREE	FREE
	IRB	Internal Revenue Bulletin	$123	
		Optional—Add $50 to open new Deposit Account and please check box in upper right corner		
		Total Cost of Order		

FREE Priority Announcement Service

You can find out about new publications for tax practitioners and accountants—as they are released—through our FREE Priority Announcement Service. See above.

For privacy protection, check the box below:

☐ Do not make my name available to other mailers

Check method of payment:

☐ Check payable to Superintendent of Documents

☐ GPO Deposit Account ☐☐☐☐☐☐☐ – ☐

☐ VISA or MasterCard Account

☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

☐☐☐☐ (Credit card expiration date)

Thank you for your order!

(Authorizing Signature) 4/93

Purchase Order No. __________

(If purchase order included.)

Please type or print

(Company or Personal Name)

(Additional address/attention line)

(Street address)

(City, State, ZIP Code)

(Daytime phone including area code)

Mail To: Superintendent of Documents
P.O. Box 371954, Pittsburgh, PA 15250-7954

Standing Order Service

Just sign the authorization above to charge selected items to your existing Deposit Account, VISA, or MasterCard account. Or open a Deposit Account with an initial deposit of $50 or more. Your account will be charged only as each volume is issued and mailed. Sufficient money must be kept in your account to insure that items are shipped.

Standing Orders remain in effect until canceled in writing (telephone cancellations are accepted but must be followed up with a written cancellation within 10 days) or canceled by the Superintendent of Documents.

Service begins with the next issue released of each item selected. An acknowledgment card is sent for each Standing Order item selected.

INTERNAL REVENUE BULLETIN

The Introduction on page 3 describes the purpose and content of this publication. The weekly Internal Revenue Bulletin is sold on a yearly subscription basis by the Superintendent of Documents. Current subscribers are notified by the Superintendent of Documents when their subscriptions must be renewed.

CUMULATIVE BULLETINS

The contents of this weekly Bulletin are consolidated semiannually into a permanent, indexed, Cumulative Bulletin. These are sold on a single copy basis and *are not* included as part of the subscription to the Internal Revenue Bulletin. Subscribers to the weekly Bulletin are notified when copies of the Cumulative Bulletin are available. Certain issues of Cumulative Bulletins are out of print and are not available. Persons desiring available Cumulative Bulletins, which are listed on the reverse, may purchase them from the Superintendent of Documents.

HOW TO ORDER

Check the publications and/or subscription(s) desired on the reverse, complete the order blank, enclose the proper remittance, detach entire page, and mail to the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. Please allow two to six weeks, plus mailing time, for delivery.

WE WELCOME COMMENTS ABOUT THE INTERNAL REVENUE BULLETIN

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can e-mail us your suggestions or comments through the IRS Internet Home Page (www.irs.ustreas.gov) or write to the IRS Bulletin Unit, OP:FS:FP:P:1, Room 5617, 1111 Constitution Avenue NW, Washington, DC 20224.
